

CARLSBAD VILLAGE REDEVELOPMENT AREA

2000-2004 IMPLEMENTATION PLAN PROGRESS REPORT

City of Carlsbad

Housing and Redevelopment Department

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INTRODUCTION

Redevelopment implies a great many things. To begin with, it suggests something that was previously developed is now in need of - and worth – re-developing. The Carlsbad Village Area (downtown) fits that description.

The Carlsbad Village Area has a colorful history dating back to at least the 1880's when the rail line linking San Diego and Los Angeles was constructed. The Village experienced early days of glory with the construction of large hotels and spas, but by the 1980s the area was beset by problems common to many older downtowns. Buildings were in many cases seriously dilapidated, competition from modern shopping centers had stolen away much of the area's commercial vitality and the small lot sizes and patterns made new construction to current city development standards difficult and in some cases impossible. The appearance and atmosphere of the friendly village by the sea had become decidedly un-friendly in many spots, making it less than desirable and in many cases an unprofitable place in which to do business.

Village Redevelopment Area



When the Carlsbad City Council adopted the 25-year Village Area Redevelopment Plan in 1981, the 200-acre area was both depressed and depressing. The commercial vacancy rate languished at over 50 percent. Disreputable and even illegal enterprises flourished and the downtown merchants had become skeptical of the City's ability to help.

In response to the problems facing the downtown area, the Carlsbad Housing and Redevelopment Commission began using the powers granted under California Redevelopment Law in 1981 to address blighted conditions and blighting influences within the Village Redevelopment Area.

Effective January 1, 1994, Redevelopment Law was amended to add Section 33490 to the Health and Safety Code. This section requires Redevelopment Agencies to produce implementation plans every five years that identify the goals and objectives for the Village Redevelopment Area, as well as the anticipated projects, programs and related expenditures of tax increment funds. On December 14, 1999, the second *Five-Year Redevelopment Implementation Plan* was adopted. The following report provides a review and summary of the progress demonstrated by the Village Redevelopment Agency in maintaining consistency with the *Implementation Plan* during the first half of the five-year period (2000-2002) as well as an overview of the success of the Redevelopment Agency since the Project Area was established in 1981.

1981 to 1999 What happened?

Between 1981 and 1988, the Redevelopment Agency collected and spent over \$5 million on public improvements, code enforcement, commercial rehabilitation, property acquisition, and public parking lot construction. Initial beautification and revitalization projects included the fountain at State and Grand, new building fronts along State Street, sidewalk medians, coordinated street signs and landscaping and the construction of five off-street public parking lots yielding 300 vehicle parking spaces.



In 1988, a decision was made to continue to improve the downtown streets and parking in an effort to redefine the village as a pedestrian-centered network, improve the safety and drive-ability of major streets, continue to encourage the spending of resident and tourist dollars in the area businesses and create a self-perpetuating balance in the overall economy of the Village.

In April of 1988, the City sold \$12 million in bonds for the express purpose of revitalizing the downtown area. Payments on the bonds are made with tax increment funds. The Redevelopment Agency designated \$8 million for the comprehensive streetscape project on Carlsbad Boulevard and Carlsbad Village Drive. Approximately \$4 million of the bond proceeds were also used to finance construction of the Senior Center on Pine Street.



In July of 1993, the Housing and Redevelopment Commission approved and authorized the issuance and sale of the 1993 Tax Allocation Bonds. These bonds were issued on September 1, 1993 in the amount of \$15,495,000. The bonds were approved for the purpose of refinancing the 1988 Tax Allocation Bonds. This refinancing allowed the Carlsbad Redevelopment Agency to reduce its annual debt service payments and to obtain additional funds for new housing and redevelopment projects/activities. These results were achieved due to the low interest rate bond market combined with an increase in the amount of bonds issued and an extension of the term.



During the period of 1995-1999, the Redevelopment Agency expended funds for a number of projects. Funds were expended for property acquisition and market analysis. The property located at the corner of Roosevelt Street and Carlsbad Village Drive that had been leased for public parking was purchased to ensure the long-term availability of public parking at that location. The Agency also purchased the property located at 2787 State Street (previously known as the “Bauer Lumber

Building”) to facilitate development of a 30,000 to 40,000 square foot specialty retail center near the Commuter Rail Station. Redevelopment funds were also used for various planning studies and strategy documents as well as a Façade Improvement and Signage Financial Assistance Program. Additionally, the Agency’s Low and Moderate Income Housing Set-Aside Funds were used to assist in funding the construction of Laurel Tree Apartments, a new 138-unit affordable housing complex, and acquisition of a 75-unit multifamily senior apartment complex, reducing the rents to be affordable for very-low and extremely-low-income households.

The projects proposed to be financed with the additional tax allocation bond proceeds were set forth within the Carlsbad Redevelopment Agency’s 2000-2004 *Implementation Plan* for the Village Redevelopment Area. The status of those projects is outlined in the next section of this report.

2000-2004 Implementation Plan Review

Within its 2000-2004 Implementation Plan, the Carlsbad Redevelopment Agency identified a variety of programs and projects to be funded during the subject five year period. The following provides a report on the success of the Agency in implementing the identified projects and/or programs from January 1, 2000 through December 31, 2001.

A. Property Acquisition & Market Analysis for Commercial Development Projects

- Specialty Commercial Center near Village Commuter Rail Station (Grand Avenue and State Street): A consultant has been hired to develop conceptual plans for a new specialty commercial project near the Commuter Rail Station that would include a mix of retail, restaurant and office space and possibly residential units. By encouraging new commercial development within the area of the Commuter Rail Station, the Redevelopment Agency hopes to motivate other property owners within this area to rehabilitate or redevelop their properties. Once the conceptual plans are complete, staff will meet with appropriate property owners to discuss public/private partnership(s) and/or pursue acquisition of remaining property for development purposes.
- Commercial Center at Roosevelt Street and Carlsbad Village Drive: The Carlsbad Redevelopment Agency intends to initiate plans to facilitate the development of a commercial mixed-use project at or near the intersection of Roosevelt Street and Carlsbad Village Drive. The feasibility of incorporating a parking structure will also be considered. No progress has been made on this project to date. It will be given further consideration during the second half of the Implementation Plan period.

B. Comprehensive Study/Plans for Land Use, Design Standards, Public Improvement Enhancements and Development Strategies

- Parking and Business Improvement District (PBID): Staff completed a public outreach program to provide information to the business community on the costs and benefits associated with the formation of a Parking and Business Improvement District within the Village Redevelopment Area and ascertain the level of support from local business and property owners for implementation. A three-phase public outreach process was undertaken to inform and accept feedback from local business and property owners with the goal of creating consensus among the business community. Based on the feedback

received during an informational workshop (Workshop I), from a survey questionnaire, and during a subsequent interactive workshop (Workshop II), staff ascertained that there was not adequate support among business and property owners to proceed with the formation of a PBID within the Village Redevelopment Area. Although there remain small clusters of business owners in different areas of the retail core that support the formation of a PBID, the results of the public outreach program reflect a lack of majority support in a contiguous area large enough to financially support a viable district. Based on the information received, the Housing & Redevelopment Commission took action to discontinue any further efforts to proceed with the formation of a Parking and Business Improvement District.

- Study on Street Lighting within the Village and Surrounding Areas: The Public Works Department is taking the lead on this project. A consultant has been hired and a study has been initiated to determine where additional streetlights are needed throughout the Village Redevelopment Area.
- Reuse Feasibility Study for Oak Avenue Public Works Yard: A consultant completed a study of the property in 2001 and prepared a report on potential uses of the site. A team of city staff will identify one or two possible uses to pursue further.

C. Facade Improvement and Signage Assistance Program

The Facade Improvement and Signage Assistance Program was established in January 1996. The Redevelopment Agency has continued to provide financial assistance in an effort to eliminate blighting conditions created through deteriorated buildings and outdated/inappropriate signage within the Village Redevelopment Project Area. The Agency has provided grants for facade improvements and new signage, including design costs. Since the inception of the program, twenty-one business and property owners received assistance totaling more than \$100,000. Staff is recommending that this program be terminated at the end of fiscal year 2001-2002 and the funding be reallocated to other programs/projects.

D. Village Area Beautification Program

The Agency focused on improving the streetscape of the downtown area by initiating the Village Beautification Program. The program was set up as a collaborative effort on the part of the Agency, the City Public Works Department, and the property and business owners within the project area. The purpose of the program is to enhance the Village area through: 1) the establishment of a routine street/sidewalk cleaning program, 2) increased planting of flowers, shrubs, and trees along the streets, and 3) the purchase and installation of additional or replacement street furniture. Replacement of street furniture is completed on a continual basis as needed. Plants and shrubs within the sidewalk planters and street medians are replaced seasonally. The street and sidewalk-cleaning program has not been implemented on a comprehensive scale to staff; however, has implemented a pilot program to test a process for the cleaning of the sidewalks while maintaining compliance with storm water management regulations.

E. Village Public Parking Enhancement Program

Staff has been working in cooperation with North County Transit District to identify potential opportunities for construction of a new parking structure. Agency staff is also currently

undertaking a program to encourage better utilization of all public parking lots located within the Village Redevelopment Area by initiating activities to evaluate the impediments to full utilization and to develop a work plan to correct deficiencies or enhance amenities such as lighting or signage.

E. F. Village Public Relations Campaign

Agency staff developed and implemented a public relations campaign as part of the comprehensive Village Parking Program approved in 1999. The campaign incorporated public informational tools to encourage the general public to utilize the free public parking lots available in the Village. Informational brochures were produced for shoppers identifying the public parking opportunities in the Village. The brochures were distributed to the merchants along with brochure stands, posters and key chains. Additionally, Agency staff developed the Carlsbad Village Business Resource Directory and New Business Packets. The Carlsbad Village Business Resource Directory includes useful information regarding who does what in the Village, trash collection, recycling, street sweeping, awnings and signs as well as helpful telephone numbers. The New Business Packets provides a wealth of information on private and/or non-profit assistance to new businesses as well as public resources that can be helpful and useful to new businesses locating in the area.

F. G. Village Sidewalk Reconstruction Project

Public Works completed a site investigation, prioritizing sidewalk improvements based on immediate safety needs (i.e., trip hazards) and long term needs (i.e., drainage and pedestrian access). Staff continues to assess additional needs for improvements. Immediate safety needs have been addressed. Presently, the long-term sidewalk construction project has been put on hold and the funds have been reallocated to other existing programs/projects.

G. H. Affordable Housing Programs & Projects

The Laurel Tree project, producing 138 affordable housing units, was completed and fully leased up in 2000. This project was partially funded with Agency Low/Mod funds. In addition, the Agency repaid a loan from the City of Carlsbad that was used for the acquisition of Tyler Court Apartments. The Tyler Court units will remain affordable in perpetuity to very-low and extremely-low income seniors. Staff continues to identify and map out potential properties that are available and appropriate for purchase as affordable housing sites for utilizing funds in this Implementation Plan period.

H. Tax Allocation Bond Payments and General Administration of Redevelopment Agency

In addition to the above projects, the Redevelopment Agency has continued to make its annual payments on the previously issued Tax Allocation Bonds and fund general operations of the Redevelopment Agency. The total funding expended for bond payments and general operations of the Redevelopment Agency during the two-year review period of the 2000-2004 *Village Redevelopment Implementation Plan* was approximately \$3,029,000.

EXPENDITURE SUMMARY

The following is a comparison of expenditures outlined in the *2000-2004 Implementation Plan* to the expenditures made to date.

Project/Activity	Proposed Expenditures 01/01/2000 – 12/31/2004	Actual Expenditures 01/01/00 - 12/31/01
Property Acquisition & Market Analysis for Commercial Development Projects within Village.	\$356,000	\$14,253
Comprehensive study/plans for land use, design standards, and development strategies.	\$150,000	\$57,329
Facade Improvements & Signage Design Assistance Program.	\$48,442	\$40,230
Village Area Beautification Program – Street Furniture, Planters, Etc.	\$49,428	\$56,583
Village Public Parking Enhancement Program	\$900,000	\$0
Village Public Relations Campaign	\$30,000	\$14,902
Village Sidewalk Reconstruction Project, or other public improvements within the Village	\$419,350	\$0 (Project Cancelled Funds Reallocated)
Affordable Housing Programs & Projects, including administration	\$3,912,870	\$57,785
Tax Allocation Bond Payments and General Administration	\$8,000,000	\$3,029,000
TOTAL	\$13,866,090	\$3,270,082

The Agency expended a total of \$3,270,082 between 2000-2002 based on fiscal year reporting. All expenditures of the Agency were consistent with the approved Implementation Plan as noted above.

AMENDED EXPENDITURE SUMMARY

The following represents a revised expenditure summary for the *2000-2004 Implementation Plan*.

Project/Activity	Proposed Expenditures 01/01/2000 – 12/31/2004
Property Acquisition & Market Analysis for Commercial Development Projects within Village.	\$225,000
Comprehensive study/plans for land use, design standards, and development strategies.	\$150,000
Facade Improvements & Signage Design Assistance Program.	\$50,000
Village Area Beautification Program – Street Furniture, Planters, Etc.	\$95,000
Village Public Parking Enhancement Program	\$1,000,000
Village Public Relations Campaign	\$50,000
Affordable Housing Programs & Projects, including administration	\$3,912,870
Tax Allocation Bond Payments and General Administration	\$8,000,000
TOTAL	\$13,482,870



Within the 2000-2004 *Village Implementation Plan*, it was indicated that the Agency would participate in the production of a total of 253 units of newly constructed affordable housing units. To date, as noted previously, the Agency financially assisted with the construction of 138 new units of affordable housing. It was also indicated that the Agency would assist in the acquisition and rehabilitation of 100 existing housing units for affordable housing purposes. To date due to limited resources and property availability, the Agency was able to acquire only 75 units of senior housing for affordable housing purposes. Rehabilitation of these units will be considered for funding under the next *Implementation Plan* period.

During the reporting period, a decision was made to focus the Agency's Low and Moderate Income Housing Fund on projects, which resulted in the provision of new affordable housing opportunities through new construction or acquisition. Other funds will be identified and utilized for the "silent second" loan program, rental assistance and single family or rental rehabilitation noted within the Implementation Program.

During the reporting period of 2000-2002, there were no residential units developed by the Agency or privately developed (or substantially rehabilitated) within the Village Redevelopment Area. Therefore, there is no redevelopment inclusionary housing obligation to report or satisfy. In addition, there were no dwelling units destroyed or removed from the low and moderate income housing market as part of a redevelopment project subject to a written agreement with the Redevelopment Agency. Therefore, there is no need for the Redevelopment Agency to provide for replacement housing.

As a side note, the City of Carlsbad has experienced great success in working with local housing developers to produce affordable housing opportunities over the last seven (7) years. To date, the City has approved inclusionary housing projects throughout the community that will provide for a total of 1,623 affordable housing units for lower income households. The City has seen the following units constructed: 718 family apartments (Villa Loma, Laurel Tree, Rancho Carrillo, Poinsettia Properties and Vista Las Flores), 132 for-sale townhomes (Cherry Tree and Serrano), 96 second dwelling units, and five single family homes (Calavera Hills) in addition to purchasing 75 senior apartment units (Tyler Court). Additionally, there are 50 units of affordable family apartments currently under construction (Sunny Creek).

Summary - Benefits of Redevelopment

Deteriorating downtown areas are often trouble spots for cities. These areas often require more public services such as public safety, public works and other public assistance than the tax revenue produced in the area can fund. In other words, a deteriorating downtown is a financial drain on the rest of the community. Deterioration, if not arrested, tends to expand, thereby potentially affecting the health, welfare and safety of those living, shopping and doing business on the outskirts of the area. As declining areas are improved and the causes of blight eliminated, the entire community benefits through the creation of new or restored homes, prospering businesses, more attractive public areas and renewal of civic pride.

As a result of the positive environment created through redevelopment activities in the downtown Village area of Carlsbad, seedy bars and rundown establishments have been replaced by a boutique assortment of appealing shops and restaurants. Carlsbad Inn, Tamarack Beach Resort and Village Faire provide excellent examples of positive private investment that occurred during the first 9 to 10 years (1981 - 1990) of redevelopment. This investment was a result of a renewed interest and faith in the Village Area. This confidence in the future success of the Village Area is further demonstrated through new construction and substantial rehabilitation projects that have been completed since 1990. The following provides a list of some of the new construction and rehabilitation projects completed within the Village during the past 10 years:

<u>New Projects in Village:</u>	<u>Substantial Rehabilitation in Village:</u>
<ul style="list-style-type: none"> • Gametowne Retail Building • Fish House Vera Cruz Restaurant • Commuter Rail Station • Blockbuster Retail • Parker Medical Office • Unocal Gas Station and Car Wash • Carlsbad By the Sea Lutheran Home - Professional Care Facility • Escrow Transfers Office Building 	<ul style="list-style-type: none"> • Ka’Fana Coffee House • Pizza Port Restaurant • Boar Cross’n Bar • Starbucks Coffee House • Beach Sleep Furniture Retail Building • Art & Antique Mall • Carlsbad Physical Therapy • Vigilucci’s Ristorante • Tiberius Antro Restaurant

Long-time business owners have expressed great pleasure with the influx of tourists and shoppers and the return of residents who had once abandoned the area for shopping malls. Visitors to the area often comment on the quaint, small town atmosphere of the Village Area. The Village Area has enjoyed a resurrection of its charm and original character as a result of focused redevelopment activities over many years, including the last five years.

In addition to the redevelopment activities noted above for revitalization of the area, another very key benefit to redevelopment is affordable housing. Redevelopment Law requires that 20% of tax increment revenue be set-aside for the specific purpose of providing affordable housing within the community. As noted, the Redevelopment Agency has used its housing set-aside funds during the reporting period of 2000-2002 to assist in the construction of 138 new affordable housing units and the acquisition of 75 senior apartment units. These efforts have greatly increased the affordable housing opportunities for very-low and extremely low-income households in Carlsbad.

The Village Redevelopment Program is anchored by a concept of public/private joint participation where private investment in improving and upgrading existing buildings provides increased property tax revenues to fund the public participation. The Carlsbad Redevelopment Agency utilizes these tax increment funds to finance projects that eliminate blight and have a public benefit (including providing affordable housing). To date, the Village Redevelopment Area has experienced very successful revitalization and redevelopment through both public and private projects. Over the next three years, the Redevelopment Agency will continue to invest in projects that will eliminate, or facilitate the elimination, of blighting conditions or influences in the Village Redevelopment Area. The Agency will also continue to encourage new development of both commercial and affordable housing projects as well as substantial rehabilitation projects.